



GARY R. HERBERT  
Governor

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Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

### Inspection Report Minerals Regulatory Program October 15, 2009

Reviewed: LK

<b>Mine Name:</b> Western Utah Copper	<b>Permit Number:</b> M0010067
<b>Operator Name:</b> Ron Wunderlich	<b>Inspection Date:</b> 04/21/2009
<b>Inspector(s):</b> Tom Munson	<b>Time:</b> 1PM-3PM
<b>Other Participants:</b> Ron Wunderlich, Wayne Western	<b>Mine Status:</b> Active

Elements of Inspection	Evaluated	Comment	Enforcement
1. Permits, Revisions, Transfer, Bonds	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Public Safety (shafts, adits, trash, signs, highwalls)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Protection of Drainages / Erosion Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Deleterious Material	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Roads (maintenance, surfacing, dust control, safety)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Backfilling/Grading (trenches, pits, roads, highwalls,	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Soils	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Revegetation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Purpose of Inspection:

To determine if the amendment to the Large Mine Application was being bonded adequately.

#### Inspection Summary:

The site was inspected and operations were progressing on the mining of the Hidden Treasure Pit and construction of the mill. The mill was not operational at the time of the inspection. The operator has constructed two new water tanks and 2 wells (WW-3 and WW-6) to supply water to the mill. These wells have dedicated pumps and compressors to pump water to the two new cement storage tanks, one 72 feet in diameter with 10 foot side walls which holds 300,000 gallons and the other 42 feet in diameter and 10 foot side walls which holds 100,000 gallons.

In addition, an office review of the amendments submitted on December 10, 2008 was carried out. Wayne Western met Ron Wunderlich to inform him that he could assist him with bringing the bond into a new spreadsheet that the Division can update and escalate based on escalated construction costs.

Photos were taken to document site conditions.

#### Conclusions and Recommendations:

The current bond held by the Division for reclamation associated with the Large Mine Permit is \$1,600,000. The reclamation liability associated with the permit is \$1,468,000 escalated to 4/20/2012, leaving an excess bond of \$132,000. The amendment to the Large Mine Plan received December 10, 2008 included water tanks, water wells, stockpile areas, etc. and a few other additional disturbances that need to be added to the permit. The reclamation bond and the permit must be updated to include the new costs and disturbances associated with the amendments.

Since the Division feels that there may be adequate bond in the existing bond to cover these new areas of disturbance, a request to update the current permit and bond was



requested of the operator on September 14, 2009. The operator has stated that North American Resources has been given the tasks of updating the plan and figures, but is waiting for additional information on the new tailings impoundment. The Division requests that this permit update be supplied by November 30, 2009.

**Inspector's Signature** \_\_\_\_\_

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Hidden treasure pit



Hiddentreasure ore stockpile along haul road



Mill building and new storage tank



New water storage tank



Hidden treasure pit blast



Hidden treasure pit blast



Hidden treasure pit blast